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Approved For Release 2000/08/30 : CIA-RDP81-00755R000100080005-1

Office Memorandum • UNITED STATES GOVERNMENT

TO : Comptroller

DATE: 29 February 1952

FROM : Finance Division

SUBJECT: Entertainment of Personnel under Contract

1. Attached hereto are two claims submitted by [REDACTED] RE/OPC, in connection with the entertainment of agents under contract with CIA.

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2. These claims were returned to [REDACTED] not certified by the Finance Division for the following reasons:

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a. The personnel entertained by [REDACTED] are under contract with CIA at a per annum salary and receive per diem while on TDY in Washington.

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b. Meeting places are provided operational personnel at CIA expense, for the purpose of conducting covert meetings with personnel under contract.

c. The fact that covert meetings extended through the lunch or dinner hours does not alone appear to be sufficient justification for the entertainment of subject personnel.

3. Also attached is [REDACTED] request for clarification of policy and the reconsideration of his claims referred to above.

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4. Although it has long been recognized that some entertainment is necessary in connection with the activities of CIA, it has also been recognized that the entertainment of employees of the Government normally is not permissible. In some instances the entertainment of personnel under contract may be justified. For instance, vouchers for such entertainment have been certified where the operations officer has certified that, (a) he did not want to bring the individual concerned to an Agency furnished meeting place for reasons of security, or (b) when Agency furnished meeting places are not available at the time the meeting took place, or (c) when he has been subjected to late working hours, thus incurring additional personal expense, which expense should be classed as operational rather than for purposes of entertainment.

5. To the best of our knowledge entertainment of personnel under contract is neither covered by existing regulations nor has it ever before been presented for a policy determination.

6. We will await your decision before further processing the attached or similar claims.

Chief, Finance Division

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Attachments

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SECURITY INFORMATION

MEMORANDUM FOR: CFD

ATTENTION: [REDACTED]

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SUBJECT: Request for Clarification of Policy and Reconsideration
of Attached Vouchers

1. In accordance with our recent conversation, I am returning the attached vouchers with the following comments which I would appreciate your bringing to the attention of the appropriate officers of CFD with a view to obtaining a clarification of policy on the payment of such claims.

2. The persons entertained were both covert and contract agents in Washington from the field for a brief period for consultation. It has been the general understanding within the FE Division, sustained on numerous occasions by certifying officers of CFD, that the reasonable entertainment of contract agents departing for or returning from overseas was permissible.

3. In two cases the conferences involved Division and Branch Chiefs and/or their deputies. Arranging a time and meeting place for a covert meeting involving several extremely busy officials is most difficult and luncheon is often the only feasible solution. In one of these instances [REDACTED] was used and the conference continued thru lunch. In the other the only time agreeable to all was at luncheon. In both cases official, confidential business was discussed. The third instance was basically entertainment when agent was in town alone over weekend, but it is felt to be a legitimate official expense since the establishment of good personal relations with contract personnel in the field is an essential to operations.

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[REDACTED]
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25X1A FE [REDACTED] JFC:mmc
7 December 1951

Dist:

Addressee - Orig & 1
SD/RE - 2
FE [REDACTED] - 1

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25 March 1952

Finance Division

Entertainment of Personnel Under Contract

1. Reference is made to your memorandum dated 7 December 1951, requesting clarification of policy and reconsideration of vouchers, the payment of which had previously been declined for the reason that they represented entertainment of agents or employees under contract. Based upon your request, this subject was discussed with various agency officials and was presented to the Comptroller for a policy decision on 29 February 1952. For your information, paragraph 4 of our memorandum to the Comptroller is quoted:

"Although it has long been recognized that some entertainment is necessary in connection with the activities of CIA, it has also been recognized that the entertainment of employees of the Government normally is not permissible. In some instances the entertainment of personnel under contract may be justified. For instance, vouchers for such entertainment have been certified where the operations officer has certified that, (a) he did not want to bring the individual concerned to an Agency furnished meeting place for reasons of security, or (b) when Agency furnished meeting places are not available at the time the meeting took place, or (c) when he has been subjected to late working hours, thus incurring additional personal expense, which expense should be classed as operational rather than for purposes of entertainment."

Also for your information there is quoted below the memorandum from the Comptroller to the Finance Division, dated 10 March 1952, which is in reply to our memorandum of 29 February 1952.

"As indicated in your attached memorandum of 29 February 1952, the personnel entertained by [REDACTED] are under contract with CIA at a per annum salary and receive per diem while on TDY in Washington. Therefore, the claims should be denied on the basis that the persons were receiving per diem in lieu of subsistence from the government and, therefore, there is no basis or justification for the government to also pay for their subsistence or any part thereof.

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"Unless there are other circumstances not brought out in the attached file which would warrant payment of the claims in question, they should not be approved."

2. In accordance with the above, the Finance Division must henceforth decline to honor all vouchers representing exclusive entertainment of

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employees or representatives under contract. The vouchers forwarded with your memorandum of 7 December 1951, have been cancelled and are returned herewith.


Chief, Finance Division

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VRT:nf

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